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Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the participation of the Union  
in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA)  
jointly undertaken by several Member States**

{SWD(2016) 331 final}

{SWD(2016) 332 final}

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

#### **• Reasons for and objectives of the proposal**

With 180 million people who are considered 'water poor', the Mediterranean area is generally characterised by high levels of hydric stress. This is why the sustainable management of water provision and food systems in the area is so important.

Climate change is increasingly causing severe water shortages in the area, with major impacts on agriculture. Most water available is used for irrigation. This means that such shortages result in decreasing and irregular crop yields, putting additional pressure on natural resources and on the capacity to provide clean water and affordable food for the region's inhabitants.

This in turn has a negative effect on nutrition, health, livelihoods, standards of living and levels of wellbeing. This social and economic stress is a major cause of instability. It also contributes to migration, both internally, leading numerous farm families to move to cities and externally, driving part of the population to migrate, in particular to Europe.

The unsustainable management of water provision and food systems in the Mediterranean area is due to a number of factors including political instability, climate change and the rapidly growing population. One of the main reasons for this is the lack of a set of common innovative solutions that are adapted to the realities of the region and are easily transferable across it. These solutions are not forthcoming because the overall level of research and innovation (R&I) investment in the Mediterranean is not commensurate with the size of the regional challenge. Investment levels also differ greatly from one country to another. Funding is not geared towards tackling the water and food problem and the relevant stakeholders – for instance, the private sector – do not always have sufficiently strong R&I capabilities. On top of all this, R&I collaboration efforts between Union Member States and Southern and Eastern Mediterranean countries are too fragmented (mostly governed by bilateral agreements) to have any significant impact.

In this context and with regard to migration, the PRIMA Joint Programme initiative, led by Participating States from the Union and the Southern Mediterranean<sup>1</sup>, is particularly important and relevant. The initiative follows the approach of the new Migration Partnership for enhanced financial collaboration with Member States and other partners. It shows how research policy can bring about effective coordination by leveraging national budgets and bringing Mediterranean countries together to tackle long-term common problems.

The programme's strategic objective is to develop the common innovative solutions for water provision and food systems that the Mediterranean region urgently needs. Achieving this strategic objective will make water provision and food systems more efficient, cost-effective and sustainable. In this way R&I could help solve bigger problems in relation to nutrition, health and social wellbeing, and ultimately help address mass migration trends. R&I policies

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<sup>1</sup> The PRIMA Joint Programme involves 19 countries:  
- 11 Member States: Croatia, Cyprus, the Czech Republic, France, Greece, Italy, Luxembourg, Malta, Portugal, Slovenia and Spain;  
- 8 third countries: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia and Turkey.  
Of these, 14 countries (Cyprus, the Czech Republic, Egypt, France, Greece, Israel, Italy, Lebanon, Luxembourg, Malta, Morocco, Portugal, Spain and Tunisia) have agreed to jointly undertake the PRIMA initiative.

can thus be leveraged to the maximum to tackle the migration challenge, in line with the *Communication from the Commission on establishing a new Partnership Framework with third countries under the European Agenda on Migration*, (COM(2016)385).

- **Institutional background**

The process leading to the PRIMA Joint Programme started with the Euro-Mediterranean Conference on Science, Technology and Innovation in Barcelona in 2012. The aim is to strengthen Euro-Mediterranean cooperation in R&I as part of the broader objectives of the Union's external policy with regard to the Southern Neighbourhood.

Several Council Presidencies have highlighted the need to set up a regional partnership to tackle major common challenges, including water availability and management, innovation and institutional coordination. The idea behind a regional partnership is to work on the basis of co-ownership, mutual interest and shared benefit in a long-lasting, structured framework.

The Competitiveness Council of 5 December 2014 invited the Commission to assess whether the Union's participation in the PRIMA Joint Programme on the basis of Article 185 of the Treaty on the Functioning of the European Union (TFEU) would be justified by the scope of the objectives and the extent of the resources required. In its Conclusions, the Council endorsed in particular the programme's focus on developing and implementing innovative, integrated solutions for the sustainable management of water provision and food systems in the Mediterranean area. The Council regarded this as a priority, in order to improve the health, wellbeing and sociocultural conditions of the populations of the Mediterranean area and boost economic growth.

Consequently, in December 2014 Member States and third countries of the Mediterranean area submitted a proposal to the Commission to participate in the PRIMA Joint Programme.

On the basis of the Competitiveness Council's Conclusions and after the formal submission of the proposal, Commissioner for Research, Science and Innovation Carlos Moedas asked the Commission services to prepare an impact assessment of the available policy options, including an initiative based on the legal basis of Article 185 TFEU.

- **Consistency with existing policy provisions in the policy area**

The PRIMA Joint Programme fits into an institutional context which, at the highest political level, highlighted the need to strengthen Union cooperation with Southern Mediterranean countries in the key areas of water resources and food systems and related areas.

PRIMA anchors key regional R&I challenges in broader socioeconomic and geopolitical objectives. It is intended to complement recent relevant institutional actions in Union policies other than R&I. These are listed below.

- a) Water diplomacy (Foreign Affairs Council Conclusions dated 22 July 2013)

The effects of climate change and demographic and economic development, coupled with stress on water quality, availability and management are major security challenges likely to give rise to tension and conflicts over access to water. In this context, the Union plays an important role in supporting water diplomacy across the world and in transboundary waters in Europe – including by promoting water initiatives with countries in the EU neighbourhood and other countries identified in the EU water security mapping exercise.

- b) Review of the European Neighbourhood Policy (ENP) (Foreign Affairs Council Conclusions dated 14 December 2015)

The Council welcomed the Review of the ENP as a key political priority for the Union in the coming years. This includes the crucial role of R&I for socioeconomic development in the neighbourhood and helps neighbourhood countries modernise and diversify their economies by facilitating their participation in EU initiatives.

- c) Sustainable Development Goals (Foreign Affairs Council Conclusions dated 26 May 2015)

Reference is made to Horizon 2020's commitment to supporting sustainable development, both within the Union and with international partners, as well as to the need to foster science, technology and innovation as part of the overall post-2015 approach to eradicating poverty and promoting sustainable development.

- d) Migration (Foreign Affairs Council Conclusions dated 12 October 2015 and 17-18 March 2016)

These Council Conclusions acknowledge that the migration crisis within and beyond the EU neighbourhood is exacerbated by poverty, poor socioeconomic development and violations of human rights, and call for a strong EU external migration and asylum policy. The Council also renewed its commitment to mobilising all instruments and policies to address the root causes of migratory flows, mainly poor socioeconomic conditions and climate change.

- e) European climate diplomacy after COP21 (Foreign Affairs Council Conclusions dated 15 February 2016)

In the overall context of climate diplomacy, the Council refers to the development of a climate diplomacy action plan, including efforts measures focusing on the nexus of climate change, natural resources (including water), prosperity, stability and migration.

- **Consistency with other Union policies**

The objectives are in line with the problem definition and cover the related R&I challenges, ensuring interaction with European, Mediterranean and global policies. In particular, PRIMA is consistent with the recent *Communication from the Commission on establishing a new Partnership Framework with third countries under the European Agenda on Migration*, (COM(2016)385). It focuses on tackling the root causes of migration and forced displacement through 'all EU policies including education, research, climate change, energy, environment, agriculture'. It also advocates new development cooperation models involving the private sector, innovative financing mechanisms and investments in SMEs and sustainable infrastructures.

Horizon 2020 has already identified 'Climate action, environment, resource efficiency and raw materials' and 'Food security, sustainable agriculture and forestry, marine, maritime and inland water research, and the bio-economy' as two of the priority societal challenges to be addressed by supporting R&I investments. It also recognises that R&I activities aimed at addressing these challenges should be carried out at EU level and beyond, given the transnational and global nature of climate and the environment, their scale and complexity and the international aspect of the food and agricultural supply chain.

The R&I objectives related to water provision and food systems in the Mediterranean area appear to be consistent with and relevant to the following initiatives.

- The Post-2015 Development Agenda and the Sustainable Development Goals.
- The Barcelona Process launched in November 1995 at the initiative of the Euro-Mediterranean Foreign Ministers and the related Communication *Barcelona Process: Union for the Mediterranean* (COM(2008)319), which set up a multilateral partnership, focusing on regional and transnational projects.
- The Communication *Enhancing and focusing EU international cooperation in research and innovation: A strategic approach* (COM(2012)497), which establishes a focus on fostering integration into – or alignment with – the European Research Area (ERA) for the neighbourhood.

## 2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

### • Legal basis

The proposal for the PRIMA Programme is based on Article 185 TFEU. This instrument allows the EU, in implementing the multiannual framework programme, to make provision for participation in research and development programmes run by several Member States, in agreement with the Member States concerned, including participation in the structures created for the execution of those programmes.

### • Subsidiarity (for non-exclusive competence)

PRIMA is a joint programme based on and composed of national programmes run and activities carried out by the participating Member States and Associated Countries, with the support and participation of the EU.

The Commission's proposal for Horizon 2020 makes provision for the EU's participation in PRIMA under Article 185 TFEU. It is the appropriate instrument for the EU to support the initiative since it makes both the coordination of national research programmes and the EU's participation in the joint programme possible.

The national, bilateral and transnational programmes that have been used so far to improve R&I in water provision and food systems have not proved sufficient to tackle cross-border issues and attract further public and private investments.

On top of that, the challenges of water provision and food systems in the Mediterranean area are complex, interrelated, transnational and multi-sectorial. They require transdisciplinary research and integrated solutions that include innovation. Other factors, such as the social behaviour of rural communities, economic constraints, or the stability of the legal and institutional frameworks, may also be conducive to the adoption of the most appropriate measures. One country alone would hardly be able to cope with such complexity.

The experience of similar Article 185 initiatives shows that action at Union level can produce a well-coordinated and integrated programme by:

- a) Attaining the scale and scope needed and getting a critical mass of resources
- b) Stimulating leverage effects and having impacts on and implications for the EU's external policies and migration
- c) Contributing to global cooperation and the Southern European Neighbourhood

- **Proportionality**

The proposal does not go beyond what is necessary to achieve its objectives. Union participation in PRIMA will take place within the limits of the competence provided under the TFEU and will only facilitate and support, including financially, the fulfilment of PRIMA's objectives by the participating states. The participating states will have to work together to better coordinate, align and integrate the relevant national programmes or activities, and ultimately develop a common long-term strategic research agenda.

Please refer also to the impact assessment report, section 6.5.

- **Choice of instrument**

The conclusions of the stakeholder consultation activities and the analysis and comparison of the options in the impact assessment have shown that Article 185 TFEU is the most appropriate way to achieve the objectives of PRIMA. Article 185 TFEU is also the choice of the participating states.

An Article 185 TFEU initiative is the most efficient and effective mode of intervention to achieve PRIMA's strategic and specific objectives. An Article 185 TFEU initiative is likely to have the highest overall leverage effect in comparison to other instruments in a stable, long-term and integrated manner.

An Article 185 TFEU would further enable the development of a more equal relationship with neighbourhood countries. The Union and the countries concerned will determine together their mutual priorities, entering a new phase of cooperation, in line with the priorities of the European Neighbourhood Policy.

### **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Stakeholder consultations**

Two main consultation activities were organised as part of the PRIMA impact assessment:

- a 12-week online public consultation, from 1 February to 24 April 2016;
- a stakeholder event in Malta on 17 March 2016.

Different European and southern Mediterranean stakeholders from research, academia, industry and civil society gave their views. The preparation of the proposal has taken full account of the many contributions and inputs received.

The consulted stakeholders were largely in favour of an Article 185 option.

- **Collection and use of expertise**

A group of external experts (the PRIMA Expert Group) from Mediterranean and non-Mediterranean Member States and third countries, was set up to support the impact assessment exercise. The Group's findings were compared with findings from other sources (for example a literature review carried out by Commission services, results of the online public consultation) and taken into account in the impact assessment.

- **Impact assessment**

Different possible policy options were identified during the impact assessment, differing in terms of scope, geographical coverage and the type of instrument used. All these options were screened using Tool #14 of the Better Regulation Toolbox. On that basis, the following policy options have been retained.

- Option 0: No policy change - Baseline scenario - Horizon 2020 will continue providing support for water and food issues in general on an ad hoc basis. It is unlikely that dedicated initiatives aimed at integrating Mediterranean R&I systems will be launched. Individual actions would typically last three to four years, with limited impact.
- Option 1: ERA-NET Cofund action – The main activity under Horizon 2020 is the implementation of a single co-funded joint call for proposals for each action, resulting in the funding of transnational research and/or innovation projects. Individual actions would typically last five years. This option would consist of a series of ERA-NET Cofund actions, limited to the remainder of Horizon 2020. It would not allow to address substantially the innovation dimension, since the national programmes that would collaborate and coordinate their activities mainly focus on the research activities of public research organisations. Option 1 is not expected to integrate national funding programmes into a common strategic research agenda.
- Option 2: PRIMA Joint Programme based on Article 185 TFEU – This enables the EU to make provisions for its participation in research and development programmes run by several Member States, including its participation in the structures created for the implementation of those programmes. Article 26 of the Horizon 2020 Framework Programme Regulation specifies the conditions and criteria for identifying and proposing an initiative pursuant to Article 185 TFEU.

Among other criteria, the Commission may only propose Article 185 initiatives if there is a need for a dedicated implementation structure and participating states have expressed a high level of commitment to a closer integration at scientific, management and financial level. This option involves coming up with a comprehensive strategic research agenda and its complete implementation through multiple transnational calls for proposals, undertaken by several Participating States and implemented through a dedicated implementation structure (hereinafter referred to as DIS funding body). This is typically a long-term commitment (ten years). The Union would provide financial support by matching national investments. This option is the best one for achieving the specific and general objectives and implementing a number of pilots and demonstrators in strategically important areas related to water provision and food systems. It takes full account of all the lessons learned – with respect to the management of the Union financial contribution, the achievement of impacts, etc. – from implementing past and ongoing Article 185 initiatives. It is also designed to ensure sound financial management and protect the financial interests of the Union through adequate *ex-ante* checks, financial reporting and *ex-post* verification.

Taking into account their likely impacts, these options were compared with each other using the baseline scenario as the reference point and applying the following criteria.

- effectiveness: the proposed options should improve the R&I framework in the Mediterranean area in the fields of water provision and food systems.

- efficiency: the proposed options should achieve the impacts with the greatest cost/benefit ratio.
- consistency with other policies: the proposed options should be consistent with other EU and national R&I policies and programmes and with international coordination and cooperation policies.

Previous and ongoing Article 185 TFEU initiatives show that such an initiative is likely to have a high leverage effect on national public funds in a stable, long-term and integrated manner, helping to:

- deliver the desired structuring effect on national R&I policies and programmes and to integrate them;
- enable the formulation of stable, long-term, common strategic research agendas with the adequate scale and scope of actions;
- support the alignment of national R&I programmes;
- enable the involvement of partner countries on an equal footing;
- enable the structural involvement of different types of stakeholders, both public and private, bringing together and leveraging their respective knowledge and financial resources;
- strengthen R&I capabilities in a lasting manner.

- **Fundamental rights**

The initiative is consistent with Article 37 on Environmental protection of the Charter of Fundamental Rights of the EU: ‘A high level of environmental protection and the improvement of the quality of the environment must be integrated into the policies of the Union and ensured in accordance with the principle of sustainable development’.

#### **4. BUDGETARY IMPLICATIONS**

The Legislative Financial Statement accompanying this decision sets out the indicative budgetary implications. The EU contribution shall be up to EUR 200 million including the EFTA contribution. The envelope is in current prices. The EU contribution shall be made as part of the implementation of Horizon 2020 – the Framework Programme for Research and Innovation.

- From DG Agriculture and Rural Development:
  - Societal Challenge 2 ‘Research and innovation related to agriculture – Securing sufficient supplies of safe and high quality food’.
- From DG R&I:
  - Societal Challenge 2 ‘Food Security, Sustainable Agriculture and Forestry, Marine, Maritime and Inland Water Research and the Bio-economy’;
  - Societal Challenge 5 ‘Climate Action, Environment, Resource Efficiency and Raw Materials’;
  - Industrial Leadership.

The maximum amount of the EU contribution to administrative costs is up to 5%. This corresponds to EUR 10 million.



The EU contribution will be managed by the Prima Implementation Structure PRIMA-IS (indirect management of EU funds). Before the delegation of management and transfer of funds the PRIMA-IS will be subject to an ex-ante assessment in accordance with the requirements set out in Article 61 of the Financial Regulation, in order to assess its capacity to implement the programme, including receiving, allocating and monitoring the EU's financial contribution in the framework of indirect management of the EU budget.

The provision of the Decision and of the delegation agreement to be concluded between the Commission and the dedicated implementation structure ensure that the EU financial interests are protected. The risk of non-recovery is covered by the financial guarantees that the Participating States will have to provide in due time and at the latest before the signature of the delegation agreement.

The Participating States and the EU make up-front commitments to contribute to PRIMA. The EU's commitment of €200 million from the current Multiannual Financial Framework will be mainly used to finance indirect actions resulting from calls launched by the PRIMA-IS. This will cover a series of seven Annual Work Plans (2018 – 2024), with the last commitment from the Commission being made in 2020 that will be used for the funding of projects resulting from the calls in the years 2020 – 2024. The Participating States will describe in the Annual Work Plan their activities funded from national programmes and the respective budgets allocated to these activities. Participating States have been made aware of the need to provide substantial commitments already in the first years of programme implementation and front-load the initiative to balance the strong up-front commitment from the Union budget.

The EU contribution to each Annual Work Plan will not exceed the commitment of the participating states to it. This ensures that there is a balance with at least matching contributions of EU funding and Participating States. This allows a mechanism to reduce the EU commitment if participating states fail to commit as expected.

Furthermore, an assessment by the Commission of Participating States commitments undertaken through the first two annual work plans has been foreseen in the legislative proposal as a condition for the EU financial contribution. Following this evaluation, the maximum EU contribution may be reviewed in accordance with the applicable safeguards regarding termination, reduction or suspension of the EU financial contribution, which set out that *"If the Participating States do not contribute, contribute partially or late to the financing of PRIMA the Commission may terminate, proportionally reduce or suspend the Union's financial contribution, taking into account the amount of funding allocated by the Participating States to implement PRIMA."*

## **5. OTHER ELEMENTS**

### **• Annual Work Plans, monitoring, evaluation and reporting arrangements**

The PRIMA Annual Work Plans (AWP) will ensure consistency and coordination between all activities and their orientation towards the achievement of the operational, specific and general objectives of PRIMA. The AWP, which is subject to approval by the Commission, will include:

- Transnational calls for proposals to be funded by the PRIMA-IS with EU contribution, in accordance with the Horizon 2020 Rules for Participation;

- Activities only funded by the Participating States, and counting for the matching with the Union contribution under certain conditions. In particular, these activities will be included in the AWP after positive external evaluation by international peer review with regard to the objectives of the PRIMA Joint Programme. They will be implemented in compliance with common principles, to be agreed by the Participating States and the Commission. These activities will include calls between Participating States' programmes for transnational projects, organised by the PRIMA-IS (including proposal evaluations). Activities should increasingly address also the higher Technology Readiness Levels, as defined in the General Annexes to the Horizon 2020 Work Programmes<sup>2</sup>.

The annual reporting of the PRIMA-IS will cover both strands. This allows close monitoring by the Commission services and facilitates taking corrective measures, if necessary, in particular reducing EU commitments to individual Annual Work Plans if the implementation of the activities by Participating States does not maintain the necessary level of commitment to match the one of the EU.

The Directorate-General for Research and Innovation has adopted standard supervision arrangements for Article 185 TFEU initiatives. These arrangements will also apply to the PRIMA Joint Programme. Their effectiveness should be evaluated at both programme level (focusing on whether the overall objectives have been achieved) and national level (focusing on the goals of individual countries).

The responsibilities of the Commission services and those of the PRIMA-IS and the Participating States with regard to monitoring and audit mechanisms are clearly differentiated in the basic act. They will be further developed in the delegation agreement between the Commission and the PRIMA-IS.

An interim and a final independent evaluation are envisaged.

The Commission will also ensure that all actions taken and supported as part of the initiative respect the Charter of Fundamental Rights of the EU.

- **Derogations from the Horizon 2020 Rules on Participation**

The approach chosen for the Article 185 PRIMA option requires only limited derogations from the Horizon 2020 Rules for Participation. To ensure balanced core participation in indirect actions in a north-south configuration, as a derogation from point (b) of Article 9(1) of Regulation (EU) No 1290/2013, the minimum number of participants should be three legal entities established in three different Participating States, one of which is established in a Member State or in a country associated to Horizon 2020 and one in a third country, associated or not to Horizon 2020. Derogation from Article 9(3) of Regulation (EU) No 1290/2013 is necessary to ensure that the minimum eligibility conditions for participation in indirect actions with a minimum condition of the participation of one legal entity are not discriminatory for entities established in third countries participating in PRIMA as Participating States. This would only apply in the exceptional case that calls for proposals in the annual work plan include mono-beneficiary actions, and subject to the approval of the Commission. Derogations from Article 12 of Regulation (EU) No 1290/2013 are necessary to broaden cooperation through joint calls launched by the PRIMA Implementation Structure with legal entities other than third countries and international organisations.

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<sup>2</sup> European Commission Decision C(2016)4614 of 25 July 2016

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the participation of the Union  
in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA)  
jointly undertaken by several Member States**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 185 and the second paragraph of Article 188 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>3</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In its Communication of 3 March 2010 entitled 'Europe 2020 A strategy for smart, sustainable and inclusive growth' the Commission emphasised the need to develop favourable conditions for investment in knowledge and innovation so as to achieve smart, sustainable and inclusive growth in the Union. Both the European Parliament and the Council have endorsed that strategy.
- (2) Regulation (EU) No 1291/2013 of the European Parliament and of the Council<sup>4</sup> established Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) ('Horizon 2020'). Horizon 2020 aims at achieving a greater impact on research and innovation by contributing to the strengthening of public-public partnerships, including through Union participation in programmes undertaken by several Member States.
- (3) Public-public partnerships should aim to develop closer synergies, increase coordination and avoid unnecessary duplication with Union, international, national and regional research programmes, and should fully respect the Horizon 2020 general principles, in particular those relating to openness and transparency.
- (4) Regulation (EU) No 1291/2013 has identified 'Climate action, environment, resource efficiency and raw materials' and 'Food security, sustainable agriculture and forestry, marine, maritime and inland water research, and the bioeconomy' as two of the priority societal challenges to be addressed by supporting investment in research and innovation. Moreover, Regulation (EU) No 1291/2013 recognises that research and innovation activities for these challenges should be carried out at the Union level and beyond, given the transnational and global nature of the climate and the environment,

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<sup>3</sup> OJ C ... [ESC opinion]

<sup>4</sup> Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104).

their scale and complexity, and the international dimension of the food and agricultural supply chain.

- (5) Regulation (EU) No 1291/2013 acknowledges that international cooperation with third countries is necessary to address effectively common challenges. International cooperation in research and innovation is a key aspect of the Union's global commitments and has an important role to play in the Union's partnership with neighbourhood countries. This cooperation follows the approach taken in the European neighbourhood policy to differentiate the level of cooperation with each country in the neighbourhood based on their commitment towards the Union.
- (6) In its Communication of 7 June 2016 on establishing a new Partnership Framework with third countries under the European Agenda on Migration, the Commission emphasised the need to call upon all policies, including research and innovation, to address the root causes of migration through a new cooperation model involving private investors, leveraging limited budget resources, and focusing on SMEs and sustainable infrastructure.
- (7) On 23 December 2014, a group of 19 countries of the Mediterranean Area submitted to the Commission a proposal for a Joint Programme initiative 'Partnership for Research and Innovation in the Mediterranean Area' (PRIMA). Among these countries, 14 countries have agreed to jointly undertake the PRIMA initiative by committing financial contributions: Cyprus, Czech Republic, France, Greece, Italy, Luxembourg, Malta, Portugal and Spain, Member States of the Union; Israel and Tunisia, third countries associated to Horizon 2020; Egypt, Lebanon and Morocco, third countries not associated to Horizon 2020.
- (8) PRIMA aims at implementing a joint programme for the development and the adoption of innovative and integrated solutions for improving the efficiency, safety, security and sustainability of food production and water provision in the Mediterranean area. PRIMA should contribute to the achievement of the recently-agreed Sustainable Development Goals and to the forthcoming European Sustainable Development Strategy.
- (9) For ensuring participation of the third countries not associated to Horizon 2020 in PRIMA, namely Egypt, Lebanon and Morocco, international agreements between the Union and these third countries should be required in order to extend to them the legal regime established by this Decision.
- (10) In line with the objectives of Horizon 2020, any other Member State and third country associated to Horizon 2020 should be entitled to participate in PRIMA if it commits to contribute to the financing of PRIMA.
- (11) In order to achieve the objectives of PRIMA, participation of any other third country not associated to Horizon 2020, in particular Southern Mediterranean countries, should be possible if it commits to contribute to the financing of PRIMA and if the PRIMA-IS approves its participation. Its participation should also be provided for by the relevant international agreement between such third country and the Union.
- (12) In order to ensure the joint implementation of PRIMA, an implementation structure should be set up ('PRIMA-IS'). The PRIMA-IS should be the recipient of the Union's financial contribution and it should ensure the efficient implementation of PRIMA.
- (13) The Union's financial contribution should be subject to formal commitments from the Participating States to contribute to the financing of PRIMA and to the fulfilment of those commitments in accordance with the terms of this Decision. Flexibility should

be provided to the Participating States to optionally contribute financially to the PRIMA-IS in view of funding indirect actions, thus achieving a high degree of financial integration. Furthermore, Participating States should contribute financially or in kind to activities implemented without Union contribution. The period during which the Participating States have to provide their contribution should be clearly defined.

- (14) A ceiling should be established for the Union's contribution in PRIMA with funding from Horizon 2020. Within that ceiling, the Union contribution should be equal to the contribution of the Participating States to PRIMA in order to achieve a high leverage effect and ensure a stronger integration of the Participating States' programmes. It should be possible to use a limited part of the Union contribution to cover administrative costs of the PRIMA-IS.
- (15) In order to avoid a prolonged implementation of PRIMA, a deadline should be fixed for the launch of the last activities, including the last calls for proposals.
- (16) PRIMA activities should be in line with the objectives and research and innovation priorities of Horizon 2020 and with the general principles and conditions laid down in Article 26 of Regulation (EU) No 1291/2013. PRIMA should take into account the OECD definitions regarding Technological Readiness Level in the classification of technological research, product development and demonstration activities.
- (17) In order to achieve the objectives of PRIMA, the PRIMA-IS should provide financial support mainly in the form of grants to participants in actions funded by the PRIMA-IS. Those actions should be selected following open and competitive calls for proposals under the responsibility of the PRIMA-IS.
- (18) Calls for proposals managed by the PRIMA-IS should also be published on the single portal for participants, as well as through other Horizon 2020 electronic means of dissemination managed by the Commission.
- (19) The Union's financial contribution should be managed in accordance with the principle of sound financial management and with the rules on indirect management laid down in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>5</sup> and Commission Delegated Regulation (EU) No 1268/2012<sup>6</sup>.
- (20) In order to protect the Union's financial interests, the Commission should have the right to reduce, suspend or terminate the Union's financial contribution if PRIMA is implemented inadequately, partially or late, or if the Participating States do not contribute, or contribute partially or late, to the financing of PRIMA.
- (21) Participation in indirect actions funded by the PRIMA-IS is subject to Regulation (EU) No 1290/2013 of the European Parliament and of the Council<sup>7</sup>. However, due to the specific operating needs of PRIMA, it is necessary to provide for derogations in accordance with Article 1(3) of that Regulation.

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<sup>5</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298 of 26.10.2012, p. 1).

<sup>6</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 (OJ L 362 of 31.12.2012, p. 1).

<sup>7</sup> Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in 'Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)' and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81).

- (22) Derogations from point (b) of Article 9(1) and from Article 9(3) of Regulation (EU) No 1290/2013 are necessary in order to account for the specificities resulting from the geographical scope of PRIMA, by further adjusting the minimum eligibility conditions for participation in indirect actions. In order to ensure balanced core participation in indirect actions under a north-south configuration, as a derogation from point (b) of Article 9(1) of Regulation (EU) No 1290/2013, the minimum number of participants should be three legal entities established in three different Participating States of which one is established in a Member State or in a country associated to Horizon 2020, and one is established in a third country, associated or not to Horizon 2020. Derogation from Article 9(3) of Regulation (EU) No 1290/2013 is necessary in order to ensure that the minimum eligibility conditions for participation in indirect actions are not discriminatory for entities established in third countries participating in PRIMA as Participating States. In order to ensure that funding conditions are not discriminatory for entities established in third countries participating in PRIMA as Participating States, it should be provided for that legal entities established in the Participating States are eligible for funding in addition to entities referred to in Article 10(1) of Regulation (EU) No 1290/2013. Derogations from Article 12 of Regulation (EU) No 1290/2013 are necessary in order to allow broadening cooperation through joint calls launched by the PRIMA-IS with legal entities other than third countries and international organisations.
- (23) For the purpose of simplification, administrative burden should be reduced for all parties. Double audits and disproportionate documentation and reporting should be avoided. When audits are conducted, the specificities of the national programmes should be taken into account, as appropriate.
- (24) Audits of recipients of Union funds provided in accordance with this Decision should ensure a reduction of administrative burden, in accordance with Regulation (EU) No 1291/2013.
- (25) The Union's financial interests should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative sanctions in accordance with Regulation (EU, Euratom) No 966/2012.
- (26) The Commission should conduct an interim evaluation assessing in particular the quality and efficiency of PRIMA and the progress made towards the objectives set, and a final evaluation, and should prepare reports on those evaluations.
- (27) Upon request from the Commission, the PRIMA-IS and the Participating States should submit any information the Commission needs to include in the reports on the evaluation of PRIMA.
- (28) The objective of this Decision is to strengthen the integration and alignment of research and innovation systems and activities in the Mediterranean countries in the fields of water provision and food systems. The scale of the research and innovation necessary to address the challenges in the Mediterranean area is immense due to the systemic character of the major bottlenecks. The scope of research and innovation is complex, multidisciplinary and requires a multi-actor and cross-border approach. A collaborative approach with a wide set of Participating States can help to increase the required scale and scope, by pooling financial and intellectual resources. Since the objective can therefore be better achieved at Union level by integrating national efforts into a consistent Union approach, by bringing together compartmentalised national

research programmes, by helping design common research and funding strategies across national borders, and by achieving the critical mass of actors and investments required, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve those objectives.

(29) Therefore, the Union should participate in PRIMA,

HAVE ADOPTED THIS DECISION:

*Article 1*  
*Participation in PRIMA*

1. The Union shall participate in the Partnership for Research and Innovation in the Mediterranean Area ('PRIMA') jointly undertaken by [Cyprus, Czech Republic, France, Greece, Israel, Italy, Luxembourg, Malta, Portugal, Spain and Tunisia] ('Participating States'), in accordance with the conditions laid down in this Decision.
2. Egypt, Lebanon and Morocco shall become Participating States subject to the conclusion of international agreements with the Union setting out the terms and conditions of their participation in PRIMA.
3. Any Member State and any country associated to Horizon 2020 other than those listed in paragraph 1 may participate in PRIMA provided it fulfils the condition laid down in point (c) of Article 4(1) of this Decision. If it fulfils that condition, it shall be regarded as a Participating State for the purposes of this Decision.
4. Any third country not associated to Horizon 2020 other than those listed in paragraph 2 may participate in PRIMA provided that:
  - (a) it fulfils the condition laid down in point (c) of Article 4(1) of this Decision;
  - (b) the PRIMA-IS approves its participation in PRIMA after examining the relevance of its participation for achieving the objectives of PRIMA; and
  - (c) it concludes an international agreement with the Union setting out the terms and conditions of its participation in PRIMA.

If the country complies with the requirements set out in the first subparagraph, it shall be regarded as a Participating State for the purposes of this Decision.

*Article 2*  
*Objectives of PRIMA*

1. The general objective of PRIMA is to develop the fully piloted and demonstrated common innovative solutions for water provision and food systems in the Mediterranean region, to make them more climate resilient, efficient, cost-effective and sustainable, and to contribute to solving nutrition, health, well-being and migration problems upstream.
2. In order to contribute to the general objective, PRIMA shall fulfil the following specific objectives:
  - (i) the formulation of a stable, long-term, common strategic agenda in the area of water provision and food systems;

- (ii) the orientation of all national R&I programmes towards the implementation of the strategic agenda;
- (iii) the structural involvement of all relevant public and private sector actors in implementing the strategic agenda by pooling knowledge and financial resources to achieve the necessary critical mass;
- (iv) the strengthening of funding and of the implementation capabilities of all actors involved.

### *Article 3*

#### *Union's financial contribution to PRIMA*

1. The maximum Union's financial contribution, including EFTA appropriations, to PRIMA shall be EUR 200 000 000 to equal the contributions of the Participating States.
2. The Union's financial contribution shall be paid from the appropriations in the general budget of the Union allocated to the relevant parts of the Specific Programme implementing Horizon 2020, established by Council Decision 2013/743/EU<sup>8</sup>, and in particular from Part II 'Industrial Leadership' and Part III 'Societal challenges', in accordance with point (c)(vi) of Article 58(1) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012.
3. The Union's financial contribution shall be used by the implementation structure of PRIMA (the 'PRIMA-IS'):
  - (a) to fund the activities referred to in Article 6(1)(a);
  - (b) to cover the PRIMA-IS administrative costs, up to a maximum of 5% of the Union's financial contribution.

### *Article 4*

#### *Conditions for the Union's financial contribution to PRIMA*

1. The Union's financial contribution shall be conditional upon the following:
  - (a) the demonstration by the Participating States that PRIMA is set up in accordance with the terms set out in this Decision;
  - (b) the designation by the Participating States or organisations designated by the Participating States of an entity with legal personality, as referred to in Article 58(1)(c)(vi) of Regulation (EU, Euratom) No 966/2012, as the PRIMA-IS. The PRIMA-IS shall be responsible for efficiently implementing PRIMA, for receiving, allocating and monitoring the Union's financial contribution, as well as the Participating States' contribution, where appropriate, and for ensuring that all necessary actions are undertaken to achieve the objectives of PRIMA;
  - (c) the commitment by each Participating State to contribute to the financing of PRIMA;

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<sup>8</sup> Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC (OJ L 347, 20.12.2013, p. 965).



- (d) the demonstration by the PRIMA-IS of its capacity to implement PRIMA, including receiving, allocating and monitoring the Union's contribution in the framework of indirect management of the Union budget in accordance with Articles 58, 60 and 61 of Regulation (EU, Euratom) No 966/2012;
  - (e) the establishment of a governance model for PRIMA in accordance with Article 12;
  - (f) the adoption by the PRIMA-IS, after obtaining approval by the Commission, of the common principles referred to in Article 6(6).
2. During the implementation of PRIMA, the Union's financial contribution shall also be conditional upon the following:
- (a) the implementation by the PRIMA-IS of the objectives set out in Article 2, and of the activities referred to in Article 6;
  - (b) the maintenance of an appropriate and efficient governance model in accordance with Article 12;
  - (c) the compliance by the PRIMA-IS with the reporting requirements set out in Article 60(5) of Regulation (EU, Euratom) No 966/2012;
  - (d) the fulfilment by the Participating States of the commitments referred to in point (c) of paragraph 1.
3. The Commission shall assess the fulfilment of commitments undertaken by the Participating States, in particular through the first two PRIMA annual work plans. Following that assessment the maximum Union contribution referred to in Article 3(1) shall be reviewed in accordance with Article 9.

#### *Article 5*

#### *Contributions from Participating States to PRIMA*

1. The Participating States shall make or arrange for their national funding bodies to make financial or in kind contributions of at least EUR 200 000 000 during the period from the date of entry into force of this Decision until 31 December 2028.
2. Contributions from the Participating States or their national funding bodies shall consist of the following:
  - (a) where appropriate, financial contributions to the PRIMA-IS in view of funding indirect actions referred to in Article 6(1)(a);
  - (b) financial or in kind contributions in implementing activities referred to in Article 6(1)(b); and
  - (c) financial contributions to the administrative budget of the PRIMA-IS not covered by the Union contribution as set out in Article 3(3)(b).
3. In-kind contributions referred to in point (b) of paragraph 2 of this Article shall consist of costs incurred by the Participating States through their national funding bodies in implementing activities referred to in Article 6(1)(b), less any direct or indirect Union financial contribution to those costs.
4. For the purpose of valuing the in kind contributions referred to in point (b) of paragraph 2, the costs shall be determined in accordance with the usual accounting practices of the Participating States or national funding bodies concerned, the applicable accounting standards of the Participating State where the concerned

national funding bodies are established and the applicable International Accounting Standards/International Financial Reporting Standards. The costs shall be certified by an independent auditor appointed by the Participating States or national funding bodies concerned. Should there be any uncertainty arising from the certification, the valuation method may be verified by the PRIMA-IS. In case of remaining uncertainties, it may be audited by the PRIMA-IS.

5. Contributions referred to in points (a) and (b) of paragraph 2 counting as contributions from Participating States shall be made after the entry into force of this Decision for the activities included in the first PRIMA annual work plan, and after adoption of the subsequent annual work plans by the PRIMA-IS.

#### *Article 6* *Activities and implementation of PRIMA*

1. PRIMA shall support the following activities:
  - (a) indirect actions within the meaning of Regulations (EU) No 1290/2013 and (EU) No 1291/2013 funded by the PRIMA-IS in accordance with Article 7, mainly in the form of grants following transnational open and competitive calls for proposals organised by the PRIMA-IS, including:
    - (i) research and innovation actions, as well as innovation actions, including demonstrators, pilot plants, testing, pre-commercial deployment, addressing in particular the higher Technology Readiness Levels;
    - (ii) coordination and support actions focussing on dissemination and outreach to promote PRIMA and maximise its impacts;
  - (b) activities funded by the Participating States through their national funding bodies without Union contribution, addressing increasingly also the higher Technology Readiness Levels and consisting in:
    - (i) activities selected following transnational open and competitive calls for proposals organised by the PRIMA-IS, managed by the national funding bodies under the national programmes of the Participating States, providing financial support mainly in the form of grants;
    - (ii) activities under the national programmes of the Participating States.
2. PRIMA shall be implemented on the basis of annual work plans, to be adopted by the PRIMA-IS, after obtaining approval by the Commission, by the end of the previous year. As an exception, the PRIMA annual work plan for 2018 may be adopted by 31 March 2018. The PRIMA-IS shall make the annual work plan publicly available.
3. Activities may only be funded under PRIMA if they are set out in the PRIMA annual work plan. The PRIMA annual work plan shall distinguish between the activities referred to in point (a) of paragraph 1, the activities referred to in point (b) of that paragraph, as well as the administrative costs of the PRIMA-IS. It shall provide for their corresponding expenditure estimates as well as for the budget allocation to activities funded with Union contribution and to activities funded by the Participating States through their national funding bodies without Union contribution. The PRIMA annual work plan shall also include the estimated value of the Participating States' in kind contributions referred to in Article 5(2)(b).

4. The last activities to be funded, including the last calls for proposals under the relevant PRIMA annual work plans shall be launched by 31 December 2024. In duly justified cases, they may be launched by 31 December 2025.
5. Activities to be funded by the Participating States through their national funding bodies without Union contribution may only be included in the PRIMA annual work plan following the positive outcome of their external independent evaluation by international peer review with regard to the objectives of PRIMA, as organised by the PRIMA-IS.
6. Activities included in the PRIMA annual work plan that are funded by the Participating States through their national funding bodies without Union contribution shall be implemented in compliance with common principles to be adopted by the PRIMA-IS, after obtaining approval by the Commission. The common principles shall take into account the principles set out in this Decision, in Title VI of Regulation (EU, Euratom) No 966/2012 and in Regulation (EU) No 1290/2013, in particular the principles of equal treatment, transparency, independent peer review evaluation and selection. The PRIMA-IS shall also adopt, after obtaining approval by the Commission, the reporting requirements of the Participating States to the PRIMA-IS, including with regard to indicators inserted into each of those activities.
7. The activities referred to in point (b)(i) of paragraph 1 shall, in addition to the common principles referred to in paragraph 6, comply with the following conditions:
  - (a) The proposals shall be for transnational projects, with minimum participation of at least three independent legal entities established in three different Participating States, of which:
    - (i) one established in a Member State or in a country associated to Horizon 2020, and
    - (ii) one established in a third country considered as a Participating State in accordance with this Decision by the submission deadline under the relevant call for proposals.
  - (b) The proposals shall be selected following transnational calls for proposals and through a two-step procedure. Step 1 shall consist of a review at national or transnational level of proposals submitted by legal entities eligible for funding under the relevant national programmes. Step 2 shall consist of a single independent international peer review organised by the PRIMA-IS. Under step 2, the proposals shall be evaluated with the assistance of at least three independent experts, on the basis of the following award criteria: excellence, impact, quality and efficiency of the implementation.
  - (c) Proposals shall be ranked according to the evaluation results. The selection shall be made by the PRIMA-IS on the basis of this ranking. The Participating States shall agree on an adequate funding mode that allows maximising the number of proposals to be funded on the basis of this ranking, in particular by providing reserve amounts to the national contributions for calls for proposals.
8. The PRIMA-IS shall monitor and report to the Commission on the implementation of all activities included in the PRIMA annual work plan.
9. Any communication or publication relating to the activities of PRIMA, and performed in cooperation with PRIMA, whether undertaken by the PRIMA-IS, a Participating State or its national funding bodies, or participants to an activity, shall

be labelled or co-labelled as '[name of the activity] is part of the PRIMA programme supported by the European Union'.

#### *Article 7*

##### *Rules for participation and dissemination*

1. The PRIMA-IS shall be considered to be a funding body within the meaning of Regulation (EU) No 1290/2013 and shall provide financial support to indirect actions referred to in Article 6(1)(a) of this Decision in accordance with the rules set out in that Regulation, subject to the derogations set out in this Article.
2. By way of derogation from point (b) of Article 9(1) of Regulation (EU) No 1290/2013, the minimum number of participants shall be three legal entities established in three different Participating States of which:
  - (a) one established in a Member State or in a country associated to Horizon 2020, and
  - (b) one established in a third country considered as a Participating State in accordance with this Decision by the submission deadline under the relevant call for proposals.
3. By way of derogation from Article 9(3) of Regulation (EU) No 1290/2013, in duly justified cases provided for in the PRIMA annual work plan, the minimum condition shall be the participation of one legal entity established in a Participating State, which is a Member State, a country associated to Horizon 2020 or a third country considered as a Participating State in accordance with this Decision by the submission deadline under the relevant call for proposals.
4. In addition to the participants eligible for funding under Article 10(1) of Regulation (EU) No 1290/2013, any legal entity established in a Participating State shall be eligible for funding.
5. By way of derogation from Article 12 of Regulation (EU) No 1290/2013, where such an activity is included in the PRIMA annual work plan, the PRIMA-IS may launch joint calls with third countries other than the Participating States or their scientific and technological organisations and agencies, with international organisations or with other third parties, in particular non-governmental organisations, in accordance with the rules set out in Article 12 of Regulation (EU) No 1290/2013.

#### *Article 8*

##### *Agreements between the Union and the PRIMA-IS*

1. Subject to a positive ex-ante assessment of the PRIMA-IS in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 and provision of adequate financial guarantees in accordance with article 58(1)(c)(vi) thereof, the Commission, on behalf of the Union, shall conclude a delegation agreement and annual transfer of funds agreements with the PRIMA-IS.
2. The delegation agreement referred to in paragraph 1 shall be concluded in accordance with Articles 58(3), 60 and 61 of Regulation (EU, Euratom) No 966/2012 and Article 40 of Delegated Regulation (EU) No 1268/2012. It shall also set out inter alia the following:
  - (a) the requirements for the PRIMA-IS contribution regarding the performance indicators set out in Annex II to Decision 2013/743/EU;

- (b) the requirements for the PRIMA-IS contribution to the monitoring referred to in Annex III to Decision 2013/743/EU;
- (c) the specific performance indicators related to the functioning of the PRIMA-IS;
- (d) the requirements for the PRIMA-IS regarding the provision of information on administrative costs and of detailed figures concerning the implementation of PRIMA;
- (e) the arrangements regarding the provision of data necessary to ensure that the Commission is able to meet its dissemination and reporting obligations;
- (f) the arrangements for the approval or rejection by the Commission of the draft PRIMA annual work plan, the common principles referred to in Article 6(6) and the reporting requirements of the Participating States, before they are adopted by the PRIMA-IS; and
- (g) provisions for the publication of calls for proposals by the PRIMA-IS, in particular on the single portal for participants as well as through other Horizon 2020 electronic means of dissemination managed by the Commission.

#### *Article 9*

##### *Termination, reduction or suspension of the Union's financial contribution*

1. If PRIMA is not implemented or is implemented inadequately, partially or late, the Commission may terminate, proportionally reduce or suspend the Union's financial contribution in line with actual implementation of PRIMA.
2. If the Participating States do not contribute, contribute partially or late to the financing of PRIMA the Commission may terminate, proportionally reduce or suspend the Union's financial contribution, taking into account the amount of funding allocated by the Participating States to implement PRIMA.

#### *Article 10*

##### *Ex-post audits*

1. Ex-post audits of expenditure on indirect actions referred to in Article 6(1)(a) of this Decision shall be carried out by the PRIMA-IS in accordance with Article 29 of Regulation (EU) No 1291/2013.
2. The Commission may decide to carry out the audits referred to in paragraph 1 itself. In such cases, it shall do so in accordance with the applicable rules, in particular the provisions of Regulations (EU, Euratom) No 966/2012, (EU) No 1290/2013 and (EU) No 1291/2013.

#### *Article 11*

##### *Protection of the financial interests of the Union*

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Decision are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative sanctions.

2. The PRIMA-IS shall grant Commission staff and other persons authorised by the Commission, as well as the Court of Auditors, access to its sites and premises and to all the information, including information in electronic format, needed in order to conduct their audits.
3. The European Anti-fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Council Regulation (Euratom, EC) No 2185/96<sup>9</sup> and Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>10</sup> with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded, directly or indirectly, in accordance with this Decision.
4. Without prejudice to paragraphs 1, 2 and 3, contracts, grant agreements and grant decisions, resulting from the implementation of this Decision shall contain provisions expressly empowering the Commission, the PRIMA-IS, the Court of Auditors and OLAF to conduct such audits and investigations, according to their respective competences. Where the implementation of an action is outsourced or subdelegated, in whole or in part, or where it requires the award of a procurement contract or financial support to a third party, the contract, grant agreement or grant decision shall include the contractor's or beneficiary's obligation to impose on any third party involved explicit acceptance of these powers of the Commission, the PRIMA-IS, the Court of Auditors and OLAF.
5. In implementing PRIMA, the Participating States shall take the legislative, regulatory, administrative and other measures necessary for protecting the Union's financial interests, in particular, to ensure full recovery of any amounts due to the Union in accordance with Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012.

*Article 12*  
*Governance of PRIMA*

1. The bodies of the PRIMA-IS shall include:
  - (a) the General Assembly;
  - (b) the Management Board;
  - (c) the Secretariat;
  - (d) the Scientific Advisory Board.
2. The PRIMA-IS shall be governed by the General Assembly, in which all Participating States are represented. The General Assembly shall be the decision-making body of PRIMA-IS.

The General Assembly shall adopt, after obtaining approval from the Commission:

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<sup>9</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

<sup>10</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

- (a) the PRIMA annual work plan;
- (b) the common principles referred to in Article 6(6); and
- (c) the reporting requirements of the Participating States to the PRIMA-IS.

The General Assembly shall approve the participation in PRIMA of any third country not associated to Horizon 2020 other than those listed in Article 1(2) after examining the relevance of its participation for achieving the objectives of PRIMA.

Each Participating State shall have one vote in the General Assembly. The decisions shall be taken by consensus. Failing that, the General Assembly shall take its decisions by a majority of at least 75% of the votes. Approval of the participation in PRIMA of any third country not associated to Horizon 2020 other than those listed in Article 1(2) shall be by unanimity.

The Union, represented by the Commission, shall be invited to all the meetings of the General Assembly as an observer, and may take part in the discussions. It shall receive all necessary documents.

- 3. The General Assembly shall determine the number of Management Board members, which shall not be less than five, and shall appoint them. The Management Board shall supervise the Secretariat of the PRIMA-IS.
- 4. The General Assembly shall establish the Secretariat of the PRIMA-IS as the executive body of PRIMA.

The Secretariat shall:

- (a) implement the PRIMA annual work plan;
  - (b) provide support to the other bodies of PRIMA-IS;
  - (c) monitor and report on the implementation of PRIMA;
  - (d) manage the financial contributions from the Union and the Participating States and report on their use;
  - (e) increase the visibility of PRIMA through advocacy and communication;
  - (f) liaise with the Commission in accordance with the delegation agreement referred to in Article 8.
- 5. The General Assembly shall appoint a Scientific Advisory Board consisting of independent experts from the Participating States, competent in areas relevant to PRIMA. The General Assembly shall establish the number of Scientific Advisory Board members, their voting rights and the arrangements for their appointment in accordance with Article 40 of Regulation (EU) No 1290/2013.

The General Assembly may set up specialised working groups under the Scientific Advisory Board with additional independent experts for specific tasks.

The Scientific Advisory Board shall:

- (a) advise the General Assembly on strategic priorities and needs;
- (b) advise the General Assembly on the content and scope of the draft PRIMA annual work plan from a scientific and technical standpoint;
- (c) review the scientific and technical aspects of the implementation of PRIMA and deliver an opinion on its annual report;

- (d) where appropriate, advise the General Assembly to set up scientific subcommittees, task forces and specialised working groups.

*Article 13*  
*Communication of information*

1. At the request of the Commission, the PRIMA-IS shall send to the Commission any information necessary for the preparation of the reports referred to in Article 14.
2. The Participating States shall submit to the Commission, through the PRIMA-IS, any information requested by the European Parliament, the Council or the Court of Auditors concerning the financial management of PRIMA.
3. The Commission shall include the information referred to in paragraph 2 of this Article in the reports referred to in Article 14.

*Article 14*  
*Evaluation*

1. By 30 June 2022 the Commission shall conduct an interim evaluation of PRIMA. The Commission shall prepare a report on that evaluation which includes conclusions of the evaluation and observations by the Commission. The Commission shall send that report to the European Parliament and to the Council by 31 December 2022.
2. By 31 December 2028, the Commission shall conduct a final evaluation of PRIMA. The Commission shall prepare a report on that evaluation which includes results of that evaluation. The Commission shall send that report to the European Parliament and the Council by 30 June 2029.

*Article 15*  
*Entry into force*

This Decision shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

*Article 16*  
*Addressees*

This Decision is addressed to the Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*



## LEGISLATIVE FINANCIAL STATEMENT

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) planned

### **2. MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

### **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
  - 3.2.1. *Summary of estimated impact on expenditure*
  - 3.2.2. *Estimated impact on operational appropriations*
  - 3.2.3. *Estimated impact on appropriations of an administrative nature*
  - 3.2.4. *Compatibility with the current multiannual financial framework*
  - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

Decision of the European Parliament and of the Council on the participation of the European Union in a Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States.

#### 1.2. Policy area(s) concerned in the ABM/ABB structure<sup>11</sup>

Title 08 Research and Innovation, Horizon 2020 Framework Programme

#### 1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action**<sup>12</sup>
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

#### 1.4. Objective(s)

##### 1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The strategic objective of the PRIMA Joint Programme is to develop the fully piloted and demonstrated common innovative solutions in the field of water provision and food systems in the Mediterranean region, thereby making them more climate resilient, efficient, cost-effective and sustainable, and thereby contributing to solving the higher-level problems in the field of nutrition, health, well-being and migration.

##### 1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

The above strategic objective requires a durable framework for Research and Innovation, which concretely translates into the following specific objectives:

- The formulation of a stable, long-term, common strategic research and innovation agenda in the field of water provision and food systems;
- The orientation of all national research and innovation programmes towards the implementation of the strategic research and innovation agenda;
- The structural involvement of all relevant research and innovation actors (the public and private sectors) in the implementation of the strategic research agenda by pooling knowledge and financial resources so as to achieve the necessary critical mass;
- The strengthening of research and innovation funding and implementation capabilities of all involved actors.

<sup>11</sup> ABM: activity-based management; ABB: activity-based budgeting.

<sup>12</sup> As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

#### 1.4.3. *Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The formulation of a stable, long-term, common strategic research and innovation agenda in the field of water provision and food systems; resulting in significant progress towards the above specific objectives. Additional effects, such as attracting private investment thanks to the predictable long-term institutional commitment; fostering scientific and diplomatic links among participants (science diplomacy); reinforcing bilateral S&T agreements between the EU and individual countries, are also expected.

#### 1.4.4. *Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

PRIMA progress will be measured as follows:

1. Through implementation indicators, namely output and input indicators, to assess the medium-term development of the PRIMA activities:

a) Output indicators:

- Large-scale pilots and demonstrators
- The national research (funding) priorities adapted as results and the (R&I) priorities of the SRIA
- Alignment of national R&I funding programmes
- New or updated country strategies that mirror the impact of the initiative
- Efficiency benefits through pooling of resources. Share of public investment of participating states. Volume and share of co-funding from EU and Mediterranean third countries. Operating costs. Time to Grant. Time to Pay
- Allocated funding through joint transnational calls for proposals or non-project funded activities
- Growth in share of implemented models of sustainable management of water provision and food systems in the Mediterranean area
- Growth in share of implemented new strategies for improved water and food efficiency and waste reduction developed for the Mediterranean area
- New water and food quality oriented business models and strategies adopted at national and regional levels
- Expansion of national teams involved in R&I projects on improving efficiency in management of water provision and food systems
- Number of countries in which water-saving solutions are implemented
- Number of transitional calls per year addressing water provision and food systems

b) Input indicators:

- Participation grade of participating states in Management Board meetings
- Additional countries participating in the initiative
- Countries dropping out as participating states

- The actual financial commitment in kind by the Participating States
  - Progress on the updates of the Strategic Research and Innovation Agenda (SRIA)
  - Participation on equal footing by all third countries
2. Through specific indicators, based on the Sustainable Development Goals (SDGs) framework and focus mainly but not exclusively on food security (SDG #2) and sustainable management of water (SDG #6). The most important indicators and their link to the operational objectives are:
- Multidimensional Poverty Index
    - Objective 1 (smart and sustainable farming, natural resources, increase production)
    - Objective 4 (solutions for food and water chain efficiency, reduce losses and wastes)
    - Objective 5 (reduce pests and pathogens in farming, human health)
  - Population overweight (%)
    - Objective 3 (solutions for agro-food industry, nutritional Mediterranean heritage)
  - Land Use (%)
    - Objective 7 (improve land and water sustainability in semi-arid watersheds)
  - GHG emissions (total and AFOLU – t CO<sub>2</sub>e)
    - Objective 1
  - Cereal Yield (kg/ha)
    - Objective 1
  - Agriculture Value Added (EUR/worker)
    - Objective 6 (innovative models in agro-business, new jobs, economic growth)
  - Fertilizers consumption (kg/ha of arable land)
    - Objective 1
  - Crop water productivity (kg/m<sup>3</sup>)
    - Objective 2 (water-saving solutions in agriculture)
  - Proportion of total water used
    - Objective 7
  - Population using safely managed water services (rural, %)
    - Objective 8 (new governance models in water management)
  - Population using safely managed sanitation services (rural, %)
    - Objective 8
  - Amount of agricultural residues used for energy purpose (t)
    - Objective 4

## **1.5. Grounds for the proposal/initiative**

### *1.5.1. Requirement(s) to be met in the short or long term*

PRIMA will combine EU and national resources to develop, in a structured way, a durable framework for research and innovation in the field of water provision and food systems in the Mediterranean area.

Please refer to the PRIMA Impact Assessment Report, accompanying the legislative proposal, for more information.

### *1.5.2. Added value of EU involvement*

The initiative is in line with the new Partnership Framework with third countries under the European Agenda on Migration as it addresses some of the root causes of migration; is clearly situated at the interchange between research, climate change, environment and agriculture policies; and exemplifies the new development cooperation model championed by the new Partnership Framework insofar as it involves private investors, leverages limited budget resources, and focuses on SMEs and sustainable infrastructure.

Only action at EU level is capable of achieving a well-coordinated and integrated programme reaching the needed scale, scope and critical mass to deliver on the specific and general objectives. Action at EU level is characterised by a strong leverage effect as it mobilises significant additional public and private investment. It also generates impacts that go beyond R&I policy and solutions, thus supporting the EU's external policies and efforts to address the root causes of migration. The involvement of the EU in PRIMA is also likely to strengthen Europe's visibility and global responsibility, in the spirit of the EU Neighbourhood Policy, which encourages differentiation and greater mutual ownership with neighbourhood partners.

### *1.5.3. Lessons learned from similar experiences in the past*

PRIMA is designed to operate as an Art. 185 initiative, i.e. a multiannual joint programming undertaken by the PS, with EU participation. The experience from past and on-going initiatives from FP6 to Horizon 2020 shows positive effects, in particular on:

- long-term scientific, managerial and financial integration of national and European efforts on common challenges with clear up-front financial and political commitments; without the need to institutionalise joint efforts or create large new structures;
- leverage effects and delivery on impacts;
- international leadership and global cooperation – both in terms of visibility, scientific leadership and new model for development cooperation;
- efficient implementation and sound financial management.

### *1.5.4. Compatibility and possible synergy with other appropriate instruments*

PRIMA will contribute to a number of flagship initiatives, in particular to the sustainability policy: A resource-efficient Europe Flagship initiative, European Neighbourhood Programme for Agriculture and Rural Development. PRIMA is also relevant to a number of external policies, in particular the Partnership framework

with third countries under the European Agenda on migration and Post-2015 Development Agenda and the Sustainable Development Goals.

PRIMA will strongly contribute to achieving the objectives of Horizon 2020 and Research & Innovation policy (3O's - Open science, Open innovation, Open to the World).

## 1.6. Duration and financial impact

- Proposal/initiative of **limited duration**
  - Proposal/initiative in effect from the date of entry into force of this Decision until 31/12/2028
  - Financial impact from 2018 to 2020 for commitment appropriations and from 2018 to 2029 for payment appropriations
- Proposal/initiative of **unlimited duration**
  - Implementation with a start-up period from YYYY to YYYY,
  - followed by full-scale operation.

## 1.7. Management mode(s) planned<sup>13</sup>

- Direct management** by the Commission
  - by its departments, including by its staff in the Union delegations;
  - by the executive agencies
- Shared management** with the Member States
- Indirect management** by entrusting budget implementation tasks to:
  - third countries or the bodies they have designated;
  - international organisations and their agencies (to be specified);
  - the EIB and the European Investment Fund;
  - bodies referred to in Articles 208 and 209 of the Financial Regulation;
  - public law bodies;
  - bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
  - bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
  - persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
  - *If more than one management mode is indicated, please provide details in the 'Comments' section.*

### Comments

A new legal entity will be established - dedicated exclusively to the PRIMA implementation. The EU financial contribution to the initiative will be provided through this structure.

<sup>13</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.html](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html).

## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

*Specify frequency and conditions.*

Standard supervision arrangements, adopted by DG RTD for initiatives pursuant to Article 185 TFEU that will apply equally to the PRIMA Joint Programme.

The responsibilities of the Commission Services and those of the PRIMA Dedicated Implementation Structure (PRIMA-IS) and the Participating States will be defined in the basic act and in the delegation agreement.

The PRIMA-IS will be subject to an ex-ante assessment in accordance with the requirements set out in Article 61 of the Financial Regulation before the delegation agreement is signed. The PRIMA-IS provides comprehensive annual reporting including auditor opinions and a management declaration and is responsible for the ex-ante control of expenditure of all indirect actions funded by the PRIMA-IS.

Furthermore, as required by the Financial Regulation, the Participating States will have to provide adequate financial guarantees in due time and at the latest before signature of the Delegation Agreement by the Commission.

The Participating States will determine the costs of their activities in accordance with the usual accounting practices and accounting standards of the concerned Participating States and with applicable International Accounting Standards/International Financial Reporting Standards. These include audit certificates and a management declaration.

The Commission is observer in the decision-making body of the PRIMA-IS and verifies and approves the Annual Work Plan (AWP) and related budget plans by Commission decision and the annual reporting. If the accounts cannot be accepted then follow-up action will be taken in order to mitigate any financial and reputational risks to the Commission. Where necessary, payments to the PRIMA-IS will be suspended and/or recovered, if necessary by drawing on the financial guarantees provided by the Participating States. If all of the above steps are inadequate to protect the financial interests of the Union or to ensure that policy objectives are properly achieved then, after due consideration, an audit of the PRIMA-IS may be performed. Furthermore, the Commission may decide if necessary to suspend the implementation or terminate the Delegation Agreement.

Implementation of PRIMA will be monitored through annual reports. They will include a detailed overview of the PRIMA activities in comparison to the multiannual strategic work plan and the annual work plan, as well progress towards objectives and updated indicators listed in 1.4.4.

### **2.2. Management and control system**

#### **2.2.1. Risk(s) identified**

- 1) Capacity of the PRIMA-IS to manage the EU contribution and to protect the EU financial interest
- 2) Capacity of Participating States to finance their contributions to the programme
- 3) Important upfront commitment of the EU in 2020



### 2.2.2. *Information concerning the internal control system set up*

Risk 1 – see point 2.1

Risk 2 – EU contribution will be released in particular in accordance with conditions set out in the basic act and in the delegation agreement. A mechanism of termination, reduction or suspension of the Union contribution is also foreseen in the basic act (Art. 9).

Risk 3 – The basic act foresees the possibility of terminating, reducing or suspending the EU financial contribution if PS commitments are not fulfilled in due time, and reallocating the budget to other initiatives in 2020.

### 2.2.3. *Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error*

Art. 10 of the basic act provides for ex-post audits of expenditure on indirect actions to be carried out in accordance with H2020 rules. The costs of the control system are part of the administrative expenditure for the implementation of PRIMA. The system will provide reasonable assurance and achieve adequate management of the identified risks.

## 2.3. **Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures.*

The basic act provides a set of measures to prevent fraud and irregularities, in particular:

Art. 11 of the basic act sets out inter alia that PRIMA-IS has to grant access to information and premises necessary for the Commission to Control, evaluate and carry out audits on PRIMA implementation or for OLAF to carry out investigations.

Art. 4 of the basic act sets out inter alia that the EU contribution is conditional upon the compliance by PRIMA with reporting requirements set out in Art. 60(5) of Regulation (EU, Euratom) N° 966/2012. According to Art. 9, the Commission may terminate, reduce or suspend its contribution.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			from EFTA countries <sup>15</sup>	from candidate countries <sup>16</sup>	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	Heading 1a - Competitiveness for growth and jobs	Diff./Non-diff <sup>14</sup> .				
1A	05.090301 – Securing sufficient supplies of safe and high quality food and other bio-based products	Diff.	YES	YES	YES	YES
1A	08.020302 – Improving food security, developing sustainable agriculture, marine and maritime research and the bio-economy	Diff.	YES	YES	YES	YES
1A	08.020305 - Achieving a resource-efficient and climate change resilient economy and a sustainable supply of raw materials	Diff.	YES	YES	YES	YES
1A	08.020201 – Leadership in nanotechnologies, advanced materials, biotechnology and advanced manufacturing and processing	Diff.	YES	YES	YES	YES

<sup>14</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>15</sup> EFTA: European Free Trade Association. .

<sup>16</sup> Candidate countries and, where applicable, potential candidates from the Western Balkans.

### 3.2. Estimated impact on expenditure

[This section should be filled in using the [spreadsheet on budget data of an administrative nature](#) (second document in annex to this financial statement) and uploaded to CISNET for interservice consultation purposes.]

#### 3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	Number	Heading 1a - Competitiveness for growth and jobs
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DG: AGRI/H, RTD/F, RTD/I, RTD/D			Year 2018 <sup>17</sup>	Year 2019	Year 2020	Year 2021-2029	TOTAL
• Operational appropriations							
08.020302	Commitments	(1)	5.000	5.000	40.000		<b>50.000</b>
	Payments	(2)	1.000	2.500	2.500	44.000	<b>50.000</b>
08.020305	Commitments	(1a)	7.500	7.500	60.000		<b>75.000</b>
	Payments	(2a)	1.500	3.750	3.750	66.000	<b>75.000</b>
08.020201	Commitments	(1b)	2.500	2.500	20.000		<b>25.000</b>
	Payments	(2b)	500	1.250	1.250	22.000	<b>25.000</b>
<b>TOTAL appropriations for DG RTD</b>	Commitments	=1+1a +1b	15.000	15.000	120.000		<b>150.000</b>
	Payments	=2+2a +2b	3.000	7.500	7.500	132.000	<b>150.000</b>

<sup>17</sup> Year N is the year in which implementation of the proposal/initiative starts.

05.090301	Commitments	(1c)	5.000	5.000	40.000		<b>50.000</b>
	Payments	(2c)	1.000	2.500	2.500	44.000	<b>50.000</b>
<b>TOTAL appropriations for DG AGRI</b>	Commitments	=1c	5.000	5.000	40.000		<b>50.000</b>
	Payments	=2c	1.000	2.500	2.500	44.000	<b>50.000</b>

			Year 2018 <sup>18</sup>	Year 2019	Year 2020	Year 2021-2029	TOTAL
• TOTAL operational appropriations	Commitments	(4)	20.000	20.000	160.000		<b>200.000</b>
	Payments	(5)	4.000	10.000	10.000	176.000	<b>200.000</b>
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (08 01 05)		(6)	0.222	0.226	0.230		<b>0.678</b>
<b>TOTAL appropriations under HEADING 1a of the multiannual financial framework</b>	Commitments	=4+ 6	20.222	20.226	160.230		<b>200.678</b>
	Payments	=5+ 6	4.222	10.226	10.230	176.000	<b>200.678</b>

<sup>18</sup>

Year N is the year in which implementation of the proposal/initiative starts.

<b>Heading of multiannual financial framework</b>	<b>5</b>	‘Administrative expenditure’
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EUR million (to three decimal places)

		Year 2018	Year 2019	Year 2020	Year 2021-2029	TOTAL
DG: RTD						
• Human resources		0.204	0.208	0.212		<b>0.624</b>
• Other administrative expenditure		0.018	0.018	0.018		<b>0.054</b>
<b>TOTAL DG RTD</b>	Appropriations	0.222	0.226	0.230		<b>0.678</b>

<b>TOTAL under HEADING 1A 'Administrative expenditure' of the multiannual financial framework</b>	appropriations 'Administrative expenditure' (Total commitments = Total payments)	0.222	0.226	0.230		<b>0.678</b>
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EUR million (to three decimal places)

		Year 2018 <sup>19</sup>	Year 2019	Year 2020	Year 2021-2029	TOTAL
<b>TOTAL under HEADINGS 1 to 5 of the multiannual financial framework</b>	Commitments	20.222	20.226	160.230		<b>200.678</b>
	Payments	4.222	10.226	10.230	176.000	<b>200.678</b>

<sup>19</sup> Year N is the year in which implementation of the proposal/initiative starts.

3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓		Year 2019		Year 2020		Year 2021		Year 2022		Year 2023		Year 2024		Year 2025		TOTAL	
		OUTPUTS															
Type <sup>20</sup>	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total Number	Total Cost
<b>SPECIFIC OBJECTIVE No 1<sup>21</sup>...</b>																	
- Output	Demonstration /Pilot projects*	3	20.000	3	20.000	3	20.000	4	30.000	4	30.000	6	40.000	6	40.000	29	200.000
<b>SPECIFIC OBJECTIVE No 2 ...</b>																	
- Output	R&D projects**	15	20.000	15	20.000	15	20.000	20	30.000	20	30.000	30	40.000	30	40.000	145	200.000
<b>TOTAL COST</b>		<b>18</b>	<b>40.000</b>	<b>18</b>	<b>40.000</b>	<b>19</b>	<b>55.000</b>	<b>24</b>	<b>65.000</b>	<b>24</b>	<b>65.000</b>	<b>36</b>	<b>67.500</b>	<b>36</b>	<b>67.500</b>	<b>175</b>	<b>400.000</b>

\* EU contribution used for 10 demonstration projects with an average cost of EUR 10 to 15 million and 20 pilots with an average cost of EUR 2.5 million per project..

\*\* PS contribution used for projects with an average cost of EUR 1 to 1.5 million

<sup>20</sup> Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

<sup>21</sup> As described in point 1.4.2. ‘Specific objective(s)...’

### 3.2.3. Estimated impact on appropriations of an administrative nature

#### 3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year 2018	Year 2019	Year 2020	Year 2021-2029	TOTAL
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<b>HEADING 5 of the multiannual financial framework</b>					
Human resources					
Other administrative expenditure					
<b>Subtotal HEADING 5 of the multiannual financial framework</b>					

<b>Outside HEADING 5<sup>22</sup> of the multiannual financial framework</b>					
Human resources	0.204	0.208	0.212		<b>0.624</b>
Other expenditure of an administrative nature	0.018	0.018	0.018		<b>0.054</b>
<b>Subtotal outside HEADING 5 of the multiannual financial framework</b>	0.222	0.226	0.230		<b>0.678</b>

<b>TOTAL</b>	0.222	0.226	0.230		<b>0.678</b>
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

<sup>22</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

### 3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full time equivalent units*

	Y e a r	Y e a r	Y e a r
•	2 0 1 8	2 0 1 9	2 0 1 0
• • Establishment plan posts (officials and temporary agents)			
• 08 01 01 01 (Headquarters and Commission's Representation Offices)			
• 08 01 01 02 (Delegations)			
• 08 01 05 01 (Indirect research)	1	1	1
• 10 01 05 01 (Direct research)			
• • External personnel (in Full Time Equivalent unit: FTE) <sup>23</sup>			
• XX 01 02 01 (CA, INT, SNE from the 'global envelope')			
• XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)			
• XX <sub>24</sub> 01 04 yy	• - at headquarters		
	• - in delegations		
• 08 01 05 02 (CA, SNE, INT — Indirect research)	1	1	1
• 10 01 05 02 (CA, SNE, INT — Direct research)			
• Other budget lines (specify)			
• TOTAL	2	2	2

XX is the policy area or budget title concerned.

<sup>23</sup> CA= Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT = agency staff ('Intérimaire'); JED= 'Jeune Expert en Délégation' (Young Experts in Delegations).

<sup>24</sup> Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).



The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

<p>Officials and temporary staff</p>	<p><u>Officials and contractual agents</u></p> <p>The human resources of section 8.2.1 are calculated with an average cost of 134,000 euros per official and 70,000 euros per contractual agent increased by 2% per year.</p> <p>The main tasks deriving from the action will be:</p> <p>Participation in meetings of the PRIMA committee and the meetings of the PRIMA Research Council as member, +/- 3-4 times two-day meetings/year</p> <p>Observer in PRIMA proposal evaluations, 2-3 days per years</p> <p>Participation in workshops and dissemination events, 2-3 times per year</p> <p>Negotiation and Preparation of agreement with the PRIMA-IS</p> <p>Preparation of annual financing decision and related payments</p> <p>Approval of the annual work plan</p> <p>Monitoring of implementation based on the yearly reports, and coordination of the mid-term and final evaluations</p> <p>Financial and legal auditing of the implementation of PRIMA</p>
<p>External staff</p>	

3.2.4. *Compatibility with the current multiannual financial framework*

- The proposal/initiative is compatible the current multiannual financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	Year <b>2018</b>	Year <b>2019</b>	Year <b>2020</b>	Year <b>2021</b>	Year <b>2022</b>			Year <b>2023</b>
Commitments of PRIMA Participating States	20.000	20.000	20.000	30.000	30.000	40.000	40.000	200.000
TOTAL appropriations co-financed	20.000	20.000	20.000	30.000	30.000	40.000	40.000	200.000

### 3.3. Estimated impact on revenue

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
  - on own resources
  - on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative <sup>25</sup>					Enter as many years as necessary to show the duration of the impact (see point 1.6)		
		Year N	Year N+1	Year N+2	Year N+3				
Article .....									

For miscellaneous 'assigned' revenue, specify the budget expenditure line(s) affected.

Specify the method for calculating the impact on revenue.

<sup>25</sup> As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.